MARYLAND HEALTH CARE COMMISSION

UPDATE OF ACTIVITIES

June 2005

DATA SYSTEMS & ANALYSIS

Maryland Trauma Physician Services Fund

The Fund auditor, Clifton-Gunderson, LLP, completed a review of the six on-call applications submitted by trauma centers during the reporting period April 1, 2004 through June 30, 2004. The auditor also completed the review of Children's National Medical Center's Stand-by Application for the reporting period October 1, 2003 through June 30, 2004. The auditor's findings were mailed to the trauma centers. Trauma centers have fifteen days to respond to discrepancies identified during the audit. MHCC will process on-call adjustments in the upcoming payment cycle. Clifton-Gunderson, LLP completed a review of approximately fifty percent of the randomly selected uncompensated care applications submitted during the April 1, 2004 through June 30, 2004 reporting period. The auditor anticipates completing the remaining uncompensated care reviews by early June.

Staff will meet with physician practices' representatives in June to review the uncompensated care processes and payments under the fund. Staff will discuss the application, audit requirements, and physician awareness. Staff will also discuss several options for modifying the payment formula.

Data Base and Application Development

Access to MHCC Products

The MHCC Web site had about 14,500 unique visits during May. Of this total, about forty-two percent were to the consumer quality utilization sites for HMOs, hospitals, nursing homes, and ambulatory surgery centers. The highest volume access was to the hospital site with about 3,800 unique visits. The trend in access to the hospital site is shown in Figure 1. Figure 2 presents utilization to the other consumer sites. The nursing home and assisted living sites each had approximately 800 visits.

Figure 1 -- Access to the Hospital Guide

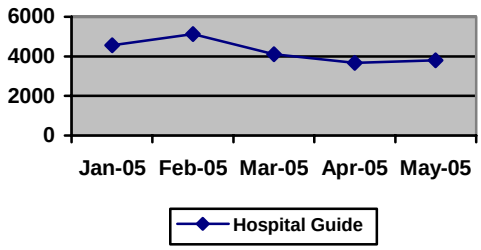
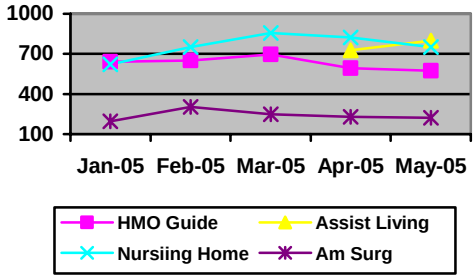


Figure 2 -- Access to Other Consumer Sites



Approximately 200 providers accessed MHCC's practice management purchasing guide, a document developed by the EDI Work Group that provides evaluation information on purchasing practice management products. A companion product for providers on the major payers' support for the major HIPAA electronic transactions was accessed by about 100 providers.

Release of the Long-term Care Survey

MHCC will release the 2004 Long-Term Care Survey on July 18th. The Internet-based survey gathers information on the use of services in about 700 nursing homes, assisting living centers, subacute care facilities, and adult day care centers. Information from the survey is used in the nursing home quality report card, the assisted living utilization guide, and in various health planning activities.

We have advanced the release schedule fifteen days from last year because facilities requested that the survey be released closer to the end of the calendar year. To meet the earlier deadline, MHCC staff has accelerated the revision and update activities.

Medical Care Data Base

Thirty payers will submit medical and prescription drug information on June 30, 2005. This data will be used to conduct analyses of overall state health care spending, examine utilization of practitioner services, and study growth in prescription drug spending. The data submissions from 2004 will contain an indicator on the service record if the service was reimbursed via a consumer-directed health plan product.

Internet-Based Re-Licensure Applications

MHCC staff is developing the Maryland Board of Physicians (MBP) physician renewal application. The Board of Physicians will not make major modifications to its questions this year. MHCC removed several questions on use of administrative EDI and added six questions pertaining to use of clinical information services such as e-prescribing and computerized order entry (CPOE). This information will be used by the health industry in Maryland to promote development of health information technology (HIT) initiatives.

MHCC will make significant modifications to the financial interface for this renewal. Bank of American modified its process for accessing automated clearing house (ACH) transactions and the renewal application must conform to the new requirements. In addition, staff will develop a new interface to accept credit card transactions. Acceptance of credit cards was the most frequently requested refinement for 2005.

Cost and Quality Analysis

Information on Insurance Coverage Among Maryland Employers

MHCC received information from the Agency for Health Research and Quality (AHRQ) for 2002 in May. State Planning Grant funds from the federal Health Resources and Services Administration were used to purchase a larger sample of Maryland employers in the Employer Survey component of the 2002 Medical Expenditure Panel Survey, which is an annual survey conducted by AHRQ. The additional sample enables MHCC staff to request special tables of information that are not normally produced by AHRQ for Maryland. The special data tables request a selection of the information typically provided in the standard MEPS-IC tables for firm size by industry group (as opposed to firm size alone, or industry group alone), firm size by the average wage level (in quartiles), and industry by wage level. Additionally, we requested information for selected counties: Montgomery, Baltimore County, Baltimore City, Prince

Georges, Anne Arundel and Howard combined, and the remainder of the state. Selection of the counties was based on the volume of private sector workers employed in the county. To be selected, a county (or county group) had to have about ten percent or more of the state's private sector employees working in the county.

The staff intends to use this data to expand policymakers' understanding of (1) the characteristics of establishments unlikely to offer health insurance; and (2) types of firms where employees are less likely to be eligible for coverage or less likely to enroll, even if eligible. Such information could help in targeting efforts to expand availability of insurance or to improve take-up rates. For example, we already know that the smallest firms have the lowest percentage of establishments that offer insurance and about eleven percent of private sector employees' work in these firms. However, this sector is not just composed of low wage firms. Many of these firms are professional and technical services establishments that do not offer health insurance. Consequently, we intend to quantify the distribution of ineligible employees and eligible-but-not-enrolled employees across firm sizes and industry types to better identify the characteristics of the establishments where most of them work.

EDI and Payer Programs

EDI Initiatives

Staff evaluated stakeholder comments it received on the draft 2004 Dental EDI Guide (Guide). The Guide reports on dental payers' progress in accepting HIPAA administrative transactions. A draft of the guide was sent to several dental stakeholders requesting feedback on the guide. Comments received generally focused on providing some additional clarification of payer-reported electronic claims data. Staff plans to use the information reported in the 2004 Dental EDI Guide in developing a series of dental EDI education and awareness programs scheduled for early fall. Staff intends to meet with representatives from the Maryland State Dental Association and the Maryland Academy of General Dentistry to review leading findings from the 2004 Dental EDI Guide.

The sub-group from the EDI/HIPAA Workgroup (Workgroup) continued to evaluate different initiatives aimed at educating providers on electronic medical records (EMR). The sub-group continued to explore content-related aspects regarding a provider EMR consumer report/guide, a one day provider education seminar, and information enhancements to the EDI section of the MHCC website. The sub-group is scheduled to meet again in June to discuss its proposed recommendations in more detail. The sub-group expects to present final recommendations to the full EDI/HIPAA Workgroup in August.

Last month, staff provided consultative support to the Legibility of Prescriptions Workgroup (Workgroup). The Workgroup is coordinated by the Maryland Board of Pharmacy and is evaluating options at the request of the legislature related to electronic prescribing. At the May meeting, presentations were made by representatives of CMS, CareFirst, MedChi, and SureScripts pertaining to their pharmacy technology initiatives. The Maryland Board of Pharmacy expects to propose recommendations to the legislature in August.

During the month, staff received the 2005 EDI Progress from six additional payers. Approximately forty-three payers and specialty payers were identified for submitting a 2005 EDI Progress Report. COMAR 10.25.09 requires payers to submit a report by June 30th. Staff expects to have full reporting compliance by the end of June.

EHN Certification
Last month staff provided consultative support to Health Fusion and Gateway EDI in the completion of their application for MHCC certification. Both electronic health networks (EHNs) submitted an application during the month. Staff continued in its efforts to support Tesia-PCI, a dental EHN, in evaluating opportunities in the Maryland market. Tesia-PCI is a small network that has relied on staff in completing its analysis of the Maryland market place.

Staff continued in its review efforts of COMAR 10.25.07 in order to better reflect the current state of EDI and the EHN marketplace. COMAR 10.25.07 grants MHCC the authority and sets forth the requirements to certify EHNs. Staff plans to solicit feedback from MHCC certified EHNs in June. Recommendations for revision of COMAR 10.25.07 are expected to be completed by September.

HIPAA Awareness
MHCC's HIPAA education and awareness initiatives continued throughout May. MHCC is considered by many as an established source for HIPAA related information. MHCC provides HIPAA related assistance to payers, providers, and health care facilities using existing staff. Over the last month, staff received approximately twenty-five inquiries from payers and providers requesting support information on HIPAA. The following list represents leading organizations that requested staff assistance:

- Maryland Medical Group Management Association
- Montgomery County Medical Society
- EPIC Pharmacies
- Maryland State Dental Association
- Southern Maryland Hospital
- Waldorf Dental Association
- Washington County Hospital

E-Scripting Initiative
Staff participated in several conference call meetings with EHNAC Commissioners regarding questions related to readying the E-Script Network Accreditation criteria for industry use. During the month, EHNAC continued to make slight modifications to the accreditation criteria and requested input from staff. EHNAC expects to begin accepting applications from pharmacy networks in September. Pharmacy networks will have twelve months to complete their self-assessment material and schedule an EHNAC site visit from the application date. SureScripts and RxHub are two pharmacy networks that have expressed an interest in completing an application in September.

PERFORMANCE AND BENEFITS

Benefits and Analysis

Small Group Market
Comprehensive Standard Health Benefit Plan (CSHBP)
At the May meeting, Commission staff presented the findings from the annual carrier financial surveys. Since the average cost of the CSHBP was determined to be above the ten percent affordability cap, the Commission must adopt cost sharing or benefit changes to the program.

Throughout the summer and fall, the Commission will develop a process for proposed changes to the Plan. Part of the process will include meetings of interested parties and public hearings. By the end of the year, the Commission must adopt changes to the CSHBP so that the regulatory process can be completed and any changes to the Plan can be implemented effective July 1, 2006.

Limited Benefit Plan (LBP)
In 2004, the Maryland General Assembly enacted SB 570, requiring the Commission to develop a Limited Benefit Plan (LBP) that will be available to certain small employers beginning July 1, 2005. Along with conducting meetings with interested parties and a public hearing, staff worked with Mercer, its consulting actuary, as well as CareFirst and MAMSI, to develop alternative proposals that meet the statutory requirement of pricing the LBP at 70% of the cost of the CSHBP as of January 1, 2004. The Commission approved the final regulations at the March meeting. The regulations will be implemented effective July 1, 2005.

Website
Commission staff have developed a website to be used as a guide for small business owners in their search for health insurance for their employees. This "Guide to Purchasing Health Insurance for Small Employers" is available on the Commission's website at: www.mhcc.state.md.us/smgrpmkt/index.htm. Commission staff have developed a bookmark describing information available on the small group website. This bookmark has been distributed to various interested parties, such as small business associations, Chambers of Commerce, the Maryland legislature, the Department of Labor, Licensing and Regulation, and the Department of Business and Economic Development. As a result of the initial mailing, many of these organizations have requested additional bookmarks to distribute to their constituents.

Health Savings Accounts
In December 2003, Congress passed the Medicare Prescription Drug, Improvement and Modernization Act, authorizing the offering of health savings accounts (HSAs) in conjunction with high deductible health plans. These plans became available to small employers in Maryland effective July 1, 2004 if carriers elect to develop and market them. The CSHBP regulations have been modified to accommodate this offering during the transition period (for contracts sold between July 1, 2004 and December 31, 2004) and may have to be further modified to accommodate additional federal guidelines in the future. Aetna began offering an HSA-compatible PPO product in Maryland's small group market in August 2004.

The National Association of Health Underwriters has added a new section to its website entitled, "Understanding Health Savings Accounts." The link also has been linked to the above-mentioned Commission website for small businesses. (http://www.nahu.org/consumer/HSAGuide.htm)

Evaluation of Mandated Health Insurance Services (2004)
Pursuant to the provisions of §15-1501(f)(2) of the Insurance Article, *Annotated Code of Maryland*, Commission staff requested that members of the House Health and Government Operations (HGO) and Senate Finance Committees submit proposals for mandated health insurance services that they would like included in the annual evaluation. As required under current law, the Commission must evaluate all mandates enacted or proposed by the General Assembly and new suggestions submitted by a member of the General Assembly by July 1st of each year. For the 2004 report, three requests for mandate evaluation were submitted by members of the General Assembly: to evaluate wraparound mental health services for children; to evaluate air ambulance services; and to evaluate smoking cessation coverage. The 2004 final report was submitted to the 2005 Maryland General Assembly and is available on the

Commission's website. The HGO and Senate Finance Committees were briefed on this report in January.

Legislative and Special Projects

Uninsured Project
DHMH, in collaboration with the MHCC and the Johns Hopkins School of Public Health, was awarded a $1.2 million State Planning Grant by the Health Resources and Services Administration (HRSA). HRSA is the federal agency that oversees programs to ensure access to care and improve quality of care for vulnerable populations. The one-year federal grant provides Maryland with substantial resources to examine the state's uninsured population and employer-based insurance market and to develop new models to make comprehensive health insurance coverage fully accessible to all Maryland residents.

Among the several activities, the grant has enabled DHMH and MHCC to conduct further analysis of existing quantitative data sources (Maryland Health Insurance Coverage Survey, MEPS-IC, and CPS), as well as collect additional data to help design more effective expansion options for specific target groups. In addition, focus groups with employers were conducted in order to better understand the characteristics of firms not currently participating in the state's small group market. A report summarizing the findings from the focus groups is available through a link on the Commission's website.

The grant team was awarded a one-year, no cost extension of the project timeline, with an interim report submitted to the Secretary of the Department of Health and Human Services (HHS) in November. DHMH has applied for another one-year, no cost extension to extend the grant activities to August 2005. During this period, DHMH will conduct a telephone survey of Medicaid recipients to clarify the discrepancy in data between the number of Medicaid enrollees listed in DHMH's administrative data and the number of Maryland Medicaid enrollees reported in the Census Bureau's Current Population Survey (CPS). MHCC staff is providing technical assistance. In addition to the Medicaid analysis, the remaining funding through the grant will be used for projects approved by the HRSA SPG administrative staff, such as (1) development of an outreach strategy for its Primary Care Waiver once it is approved by the Centers for Medicare and Medicaid Services (CMS); (2) provision of funding for the analysis of the Maryland data from the Medical Expenditure Panel Survey – Insurance Coverage (MEPS-IC), as well as the layout design and printing of the report (Note: MHCC is taking the lead in overseeing this project); (3) provision of funding for modeling fiscal and other impacts of a statutory requirement that high-income individuals who do not purchase health insurance be subject to an income tax penalty; and (4) funding for an update to the Interim Report to HRSA and the Final Report due to HRSA in August 2005. The grant's supplemental funds that remain from the previous year total approximately $100,000 and are under the purview of the Department of Health and Mental Hygiene (DHMH), not the Maryland Health Care Commission.

The final report is due to HHS at the end of the contract period. The final report must outline an action plan to continue improving access to insurance coverage in Maryland. A report outlining the options to expand coverage to Maryland's uninsured was delivered to the members of Maryland's General Assembly in February 2004.

Patient Safety
Chapter 318 (HB 1274) of 2001 requires the Commission, in consultation with DHMH, to study the feasibility of developing a system for reducing preventable adverse medical events. A Maryland Patient Safety Coalition was initiated by the Delmarva Foundation and served as the

Commission's sounding board for its activities related to patient safety. Three workgroups were formed: one to look at issues related to systems changes to be recommended; one to address current regulatory oversight and reporting requirements; and a third to discuss issues related to a proposed Patient Safety Center.

Commission staff released a request for proposal (RFP) to designate the Maryland Patient Safety Center (MPSC). The Maryland Hospital Association and the Delmarva Foundation have been selected to jointly develop and operate the MPSC. Both organizations have agreed to fund the Center for the first three years. The Health Services Cost Review Commission recently approved funding the MPSC during its first year ($762,500) through increased hospital rates. This amount is equivalent to 50% of the anticipated Center expenses, and will be used in conjunction with funding from the MHA, Delmarva, and Maryland hospitals. A press conference announcing the designation was held on June 18, 2004 in Annapolis. Under the terms of the agreement, the Delmarva Foundation and the Maryland Hospital Association are required to submit semi-annual reports updating the status and progress of the MPSC. The first report was delivered to the Commission staff in November and provided to the Commissioners at the last Commission meeting. This report provides information on the MPSC's activities to date, including the arrangement of the governing structure and the staff; the formation of the advisory board, the recruitment of hospitals and nursing homes; data collection and analysis; and education (e.g., collaboratives). An annual progress report summarizing the first year of the Maryland Patient Safety Center (MPSC) was submitted to the Commission in May 2005. Commission staff met with the MPSC representatives on May 31, 2005 to review activities over the past six months.

Study of the Affordability of Health Insurance in Maryland

The 2004 General Assembly enacted SB 131/HB 845, requiring the Commission and the Maryland Insurance Administration to conduct a study of the affordability of private health insurance in Maryland. An interim report, including findings and recommendations from the study, was mailed to the Commissioners. At the January 11, 2005 Commission meeting (via conference call) the Commission approved the interim report for submission to the Maryland General Assembly. Copies of the report were distributed to the Senate Finance Committee and the House Health and Government Operations (HGO) Committee at briefings on January 25th and January 26th, respectively. The interim report also is posted on the Commission website. The final report is due by January 1, 2006. The HGO and Finance Committees were briefed on the Affordability study at the end of January.

Facility Quality and Performance

Nursing Home Report Card

Chapter 382 (SB 740) of 1999 requires the Commission, in consultation with the Department of Health and Mental Hygiene and the Department of Aging, to develop a system to comparatively evaluate the quality of care and performance of nursing facilities. The web-based Nursing Home Performance Evaluation Guide is available through the Commission's website. The Guide includes a Deficiency Information page, data from the Minimum Data Set (MDS) and the MHCC Long Term Care Survey.

In addition to indicators selected by the Maryland Nursing Home Performance Evaluation Guide Steering Committee, the site also includes the quality measures that are reported on the CMS Nursing Home Compare Website. Inclusion of this information on the Maryland site provides consumers with the ability to obtain comprehensive information in one location. The CMS measures are consistent with the consensus recommendations from the National Quality Forum.

The fourteen enhanced quality measures build on the original ten measures and provide additional information to help consumers make informed decisions.

Evaluation of the Nursing Home Guide

The Commission contracted with the Lewin Group to perform an evaluation of the nursing home performance evaluation guide. The purpose of this procurement was to conduct interviews with consumers and discharge planners to test the Guide in real-time with respondents using computers. The objectives of the study included: (1) evaluating consumer/professional usage, preferences, and understanding of the Guide; (2) determining ease in navigating through the website; (3) developing recommendations to improve the Guide; and (4) recommending outreach strategies to increase the utilization of the Guide.

A draft report was presented to the Nursing Home Performance Evaluation Guide Steering Committee for review and comment. The Lewin Group presented the final report to the Commissioners. As it prioritizes the recommendations, the committee will examine changes made by the hospital guide steering committee that may be incorporated on the nursing home site. Staff will hold a visioning workshop with the committee and begin the redesign in the summer of 2005.

Nursing Home Satisfaction Survey

The Commission also contracted for the development of a nursing home patient satisfaction survey or the recommendation of an existing tool that provides information for consumers that can be integrated into the Maryland Nursing Home Performance Evaluation Guide by: (a) reviewing and summarizing existing nursing home satisfaction surveys and implementation processes developed by the federal government, state agencies, other public organizations and private entities or organizations; (b) discussing the cost of administration for each approach; (c) identifying the strengths and weaknesses of the various approaches and indicating whether a similar approach is feasible in Maryland; (d) designing or modifying a survey tool; and (e) proposing a plan for administering the tool including estimated implementation costs and timelines.

A report that included a review of the literature and interviews with various states was presented to the Nursing Home Report Card Steering Committee at its January 2004 meeting for review and comment. The Nursing Home Performance Evaluation Guide Steering Committee met on March 26, 2004 and recommended that we proceed with the self-administered family satisfaction survey and also pursue a pilot project in collaboration with AHRQ to pilot the Nursing CAHPS tool for resident satisfaction.

The RFP for the family satisfaction survey was released on November 1, 2004. The deadline for receipt of proposals was extended to December 8, 2004. The Evaluation Committee reviewed all documents and requested best and final offers. The selected proposal was taken to the Board of Public Works for final approval in April and the contract was awarded to Market Decisions, LLC and the Institute for Health, Health Care Policy and Aging Research at Rutgers University. The survey tool was developed with input from focus groups consisting of family members (responsible parties) and includes fifty satisfaction questions in six specific domains: Administrative and Patient Care Staff, Environmental Features, Resident Activities, Personal Care Services, Food, and Residents' Personal Rights.

In May, staff briefed the nursing home guide steering committee on the survey approach, timelines and goals. The nursing home provider associations carried articles announcing the survey in their newsletters. Staff is preparing for the June 28th workshop to introduce the survey,

its administration, and goals to the nursing home community. The survey will be sent to family members (responsible parties) in September. The project is scheduled to conclude in January 2006.

Nursing Home Patient Safety

The Steering Committee began discussion of nursing home patient safety measures that are appropriate for public reporting. The Committee was presented with an overview of the literature and activities in other states as well as a list of ten common patient safety measures. The Steering Committee agreed that we should begin with reporting health care facility-acquired infections and staffing as two indicators of safety.

Hospital Report Card

Chapter 657 (HB 705) of 1999 requires the Commission to develop a performance report on hospitals. The required progress report was forwarded to the General Assembly. The Commission also contracted with the Delmarva Foundation, in partnership with Abt Associates, to: (1) analyze hospital data to develop appropriate indicators for inclusion in the Hospital Performance Evaluation Guide, and (2) design and execute a consumer-oriented website for the Guide. The initial version of the Hospital Performance Evaluation Guide was unveiled on January 31, 2002.

The latest edition to the Hospital Guide features the addition of six new acute myocardial infarction (AMI) treatment measures. Additionally, trend information for the past two years was publicly reported for the first time. This latest version of the guide marks an important step in providing information on differences emerging in hospital practices and identifies a trend that, in general, shows hospitals' quality measures have improved. For instance, the provision of appropriate smoking cessation counseling for heart failure patients rose from 45 percent in 2002 to 81 percent in 2004. The number of people receiving appropriate discharge instructions for heart failure nearly doubled. The release also reveals that some hospitals have room for improvement. In the case of pneumonia care, many hospitals performed the recommended blood test more than 90 percent of the time while others perform the test less than 70 percent of the time. This edition of the Guide was released during a press event on January 27th prior to the Commission meeting.

The Guide also continues to feature structural (descriptive) information and the frequency, risk-adjusted length-of-stay, risk-adjusted readmissions rates for thirty-three high volume hospital procedures, and obstetrics data which were updated in December 2004 for admissions occurring during calendar year 2003.

Redesign and Expansion of the Hospital Guide

The Commission contracted with the Lewin Group to perform an evaluation of the hospital performance guide. The purpose of this procurement was to conduct interviews with consumers, primary care physicians, and emergency department physicians to test the Guide in real-time with respondents using computers. The objectives of the study included: (1) evaluating consumer/professional usage, preferences, and understanding of the Guide; (2) determining ease in navigating through the website; (3) developing recommendations to improve the Guide; and (4) recommending outreach strategies to increase the utilization of the Guide.

All interviews were completed and a draft report was presented to the Hospital Performance Evaluation Guide Steering Committee for review and comment. The Lewin Group presented the final report to the Commissioners.

The Hospital Report Card Steering Committee met in July 2004 to begin the redesign process. During this meeting, the Committee approved four major areas of expansion — inclusion of composite measures and mortality data, use of different symbols, and development of a hospital comparison function.

The Committee met on October 12, 2004 at the University of Maryland in Baltimore County for a discussion of detailed redesign issues, facilitated by TechWrite, Inc., a subcontractor of the Delmarva Foundation. The Committee agreed to a design that would specify portals for three major users — prospective patients, hospital leaders, and hands-on providers. Understanding that each audience has different information requirements, the portals would serve as an entry point to targeted content, presentation, and language. Website changes were prioritized and the redesign work is currently underway. The steering committee will have an opportunity to review the new design layout in July.

A workgroup of the Hospital Guide Steering committee met to decide on a methodology for calculating composites for the clinical areas posted on the site. It was agreed that several methodologies would be tested with current data and reported back to the workgroup.

Patient Safety Public Reporting Workgroup
The goal of the Workgroup is to explore patient safety indicators that can be obtained from administrative data and then progress to other measures. The workgroup reconvened in October 2004. Staff presented preliminary Agency for Healthcare Research and Quality (AHRQ) patient safety indicators and the workgroup recommended the availability for private viewing by hospitals while the Committee evaluates which indicators will be appropriate for public reporting. Staff will present preliminary mortality measures to the Hospital Guide Steering Committee at its next meeting.

Recommendations for publicly reporting healthcare acquired infections were made. The plan proposes to expand the Guide to include information on health care associated infections (HAI) — including both process and outcome measures. MHCC will work with the CDC, CMS, Patient Safety Center and the Maryland Office of Epidemiology and Disease Control Programs on infection definitions, measurement and collection. The MHCC Commissioners approved the release of a call for public comments regarding the proposed HAI public reporting plan at its November 23rd meeting. The comment period ended December 7th with no comments precluding the data collection. However, facilities requested that a subset of the procedures be implemented initially to give hospitals the opportunity to gain experience with data collection and to ensure resource adequacy. Staff subsequently identified a subset of the measures which will be piloted with 2nd quarter data—knee arthroplasty, hip arthroplasty, and colon surgery. Data collection using JCAHO specifications for the pilot measures began on April 1st.

Staff will continue to work with the HSCRC, AHRQ, and others to produce data reports for committee review. Lastly, the workgroup recommended that the JCAHO patient safety measures be reported when they become available by either linking to the JCAHO report or adding the data to the Maryland Guide directly.

Staff attended the 1st Annual Maryland Patient Safety Center Conference on March 31st. Health care practitioners and leaders from around the state gathered to hear experts and explore better practices for improving patient safety in Maryland hospitals.

Patient Satisfaction Project

MHCC participated in a three-state hospital public reporting pilot project initiated by CMS. The Hospital Report Card Steering Committee served as the steering committee for the pilot. The Committee serves as the primary vehicle for obtaining input and consensus prior to initiating the state specific activities.

The Maryland Performance Evaluation Guide Steering Committee received a briefing on the pilot results during the January 27, 2004 meeting and agreed that Maryland should pursue the use of the tool to collect patient satisfaction data for the *Maryland Hospital Performance Evaluation Guide*. MHCC staff then met with representatives of CMS and AHRQ to discuss an additional pilot of the tool. A proposal with a complete study design was submitted to AHRQ on April 6, 2004 to request permission to use the HCAHPS tool.

MHCC received approval to use the revised HCAHPS tool in another pilot that began in October 2004. MHCC received hospitals' submissions of four months of discharge data at the beginning of November 2004. Surveys were sent to the sample of patients drawn from the forty-seven acute care hospitals in Maryland. Pediatric and other specialty hospitals (e.g., cancer facilities) were excluded.

An average of 220 surveys per hospital were sent to the selected participants in an effort to obtain 100 completed surveys by mail or telephone. Discharges were classified as medical, surgical, or obstetrics services based on the DRG code. The surveys were randomly distributed across patients discharged from the hospital for medical, surgical, or obstetrics services (total=4,700 surveys for the state). A response rate for the survey of 50.9% was achieved.

The pilot survey concluded in February 2005 and confidential results were shared with the hospitals. The hospital Guide Steering Committee was briefed on the aggregate results in April and a workgroup of the committee met on May 23rd to develop next steps in implementation. As a result of the meeting, additional analysis is being conducted on the data to illicit more useful information for public reporting.

Ambulatory Surgery Facility Report Card

Chapter 657 (HB 705) of 1999 also requires the Commission to develop a performance report for Ambulatory Surgery Facilities (ASFs). The Commission developed a web-based report that was also released on May 16, 2003. The 2003 data have been added to the site.

The website contains structural (descriptive) facility information including the jurisdiction, accreditation status, and the number and type of procedures performed in the past year. The site also includes several consumer resources. The site is currently being updated to provide search and compare functionality, as well as show volume data over a three year period.

An ASF Steering Committee was convened to guide the development of the report and consists of representatives from a multi-specialty facility, a large single specialty facility, an office based facility, a hospital based facility, and a consumer representative. An exploratory meeting was held with a subset of this group in January 2003. Subsequently, the Steering Committee provided input on several of the proposed web pages including a consumer checklist, glossary, and list of resources. Staff continues to research recent developments in performance measurement in ambulatory surgery.

Other Activities
The Facility Quality and Performance Division is also participating in the planning process for a new Health Services Cost Review Commission (HSCRC) Quality Initiative designed to evaluate and recommend a system to provide hospitals with rewards and/or incentives for high quality care. Staff attends the HSCRC Quality Initiative Steering Committee meetings on an ongoing basis. The draft report of the HSCRC Steering Committee was also presented to the Hospital Performance Evaluation Guide Steering Committee on January 27, 2004 for review and comment. Since that time, HSCRC developed an implementation framework that was presented to the Commissioners during the January 2005 meeting. Staff attended the meeting of the Initiation Workgroup for the Quality Initiative.

HMO Quality and Performance

Distribution of 2004 HMO Publications

Cumulative distribution: **Publications released 9/27/04**	**9/27/04 to 5/31/05**	
	Paper	**Electronic Web**
Measuring the Quality of Maryland HMOs and POS Plans: 2004 Consumer Guide **(22,000 printed) + (reprint 2,100)= 24,100 copies**	23,726	Visitor sessions = 2,341
2004 Comprehensive Performance Report: Commercial HMOs & Their POS Plans in Maryland **(600 printed)**	600	Visitor sessions = 1,136
Measuring the Quality of Maryland HMOs and POS Plans: 2004 State Employee Guide— 50,000 printed and distributed during open enrollment		

8th Annual Policy Issues Report (2004 Report Series) –

Released January 2005; distribution continued until January 2006

Maryland Commercial HMOs & POS Plans: Policy Issues (900 printed)	609	Visitor Sessions: 395

Distribution of Publications
By late April, staff had nearly exhausted the inventory of *Consumer Guides* on-hand through successful outreach to private schools and large employers. Orders sent to this Division exceeded the remaining inventory. An additional quantity was ordered in late April, which provided enough copies to complete distribution in May to all requestors. Last month, staff distributed nearly 2,000 copies of the *Consumer Guide* and more than 1,200 *Performance Evaluation Bookmarks* that reference all of MHCC's performance reports. Staff also followed up with large construction firms in the Baltimore area previously contacted by email.

Adjustments to Paper and Electronic Statistics
Although this Division closely tracks outgoing copies of HMO reports, occasionally small shipments do not get logged resulting in inventory shrinkage. Paper distribution of the *Consumer Guide*, reflected in the table above, has been adjusted based on actual inventory at the end of April. Adjustments to electronic distribution are less apparent. Beginning in April, programming changes to the statistical software that measures the number of downloads of HMO performance

reports went into effect and have not resulted in an immediate and obvious shift in the count. The cleaner statistic produced by the software uses a uniform set of parameters to measure utilization of all reports produced by the Commission. A comparison of this year's visitor sessions to electronic distribution for this same period last year shows a stable, but comparable level of activity for all reports.

2005 Performance Evaluation: HEDIS Audit and CAHPS Survey

HEDIS Audit

The HEDIS audit is nearing completion with most measure validation processes finalized. HelathcareData.com (HDC), the HEDIS audit contractor for MHCC, completed the remaining tasks of the evaluation process prescribed in the HEDIS protocol. Major tasks finalized in May include: review of coding schemes used to identify positive occurrences of members receiving targeted clinical services, obtaining outstanding documentation, and medical record validation. Medical record review validation is sequenced last to allow plans sufficient time to collect and calculate hybrid results.

Plans are on track for final submission of their HEDIS data to the National Committee for Quality Assurance (NCQA). As of the beginning of June, the collection process is complete for two plans whose data have received final validation checks and approval for submission from HDC. Additionally, MHCC-specific measure results have been submitted, validated, and approved for nearly all plans.

In preparation for 2006 implementation, HDC entered into discussions with NCQA that have resulted in a preliminary agreement allowing the use of NCQA-developed programs (test decks) to validate programming code used by plans for data extraction. Staff met with HDC in May to plan the instructional meeting tentatively set for August with HMO representatives. Staff will also have a separate meeting with HDC audit staff to refine steps and standards for the new audit procedures.

Staff continued to monitor the completion of the key audit functions from the HEDIS audits conducted in May.

Consumer Assessment of Health Plan Study (CAHPS Survey)

The Myers Group (TMG) concluded survey data preparation in time to meet the May 27th deadline for submitting member level results to NCQA for validation and composite rate calculation. The validated rates will become available on NCQA's Website in early June. The final CAHPS results will be presented, along with clinical data, in the 2005 HMO publications.

Throughout administration of the CAHPS survey, TMG has ensured timely updates by posting password protected status reports on its Website for viewing by MHCC and Maryland plans. Looking at this year's sample of 8,470 members statewide, the average rate of response for Maryland HMOs was 39.5 percent. While this average shows a slight improvement over the 2004 response rate (39.0 percent), larger increases were observed in 2005 for the high (49.1 percent) and low (33.5 percent) values when compared to the 2004 high (45.8 percent) and low (31.9 percent) values. Plans will receive a detailed final report that summarizes individual results, will assist in identifying member satisfaction strengths and opportunities, and will aid in assessing NCQA accreditation standing.

Report Development Contract--Procurement
A request for proposals (RFP) for HMO Report Development work for the next contract period (2005 – 2007, with an extension period of one additional year through May 31, 2008) has been submitted to the Department of Budget and Management for approval. Staff revised the document based upon comments received during the review. Final approval was granted in May. Notice of the RFP was published in Contract Weekly and posted on the Commission's Website. The pre-bid meeting held May 24th gave prospective bidders the opportunity to seek clarification about requirements detailed in the solicitation, as well as to receive important guidance about Maryland's submission process. MHCC's procurement officer presented an overview of all changes that went into effect in 2005. Bidders must submit their proposals no later than June 10th for review by an evaluation committee that will convene to assess each submission and make a final recommendation for contract award. Due to delays in this procurement process, staff anticipates an October rather than September release of the performance reports.

HEALTH RESOURCES

Certificate of Need

Staff issued seventeen determinations of non-coverage by Certificate of Need (CON) review during May. The following hospital projects, submitted under the Maryland Hospital Association (MHA) Bond Program, received determinations of non-coverage by CON review for proposed capital expenditure projects pursuant to their pledge not to raise rates: Johns Hopkins Hospital, for the construction of a medical office building to house various pediatric and adolescent outpatient services and clinics on the hospital campus; Good Samaritan Hospital, to construct an Assisted Living facility and Adult Day Care Center on a parcel of land situated between Belvedere Green Senior Apartment Complex and Good Samaritan Nursing Center; Northwest Hospital Center, for the relocation and upgrade of the Center for Breast Care and Bone Health at the hospital.

Howard County General Hospital received a determination of non-coverage by CON review for a proposed capital expenditure project below the capital expenditure threshold for the construction of a five-patient treatment room unit to serve psychiatric patients within the hospital's emergency department, as did Pathways Drug and Alcohol Abuse Treatment Center in Anne Arundel County for renovations to the intermediate care facility.

Pickersgill Retirement Community in Baltimore County also received a determination of non-coverage by Certificate of Need (CON) review for construction and renovation of its nursing home, whose cost is below the current threshold of $1.65 million.

In licensure-related activities, determinations of non-coverage by CON review were issued to Ruxton Health of Denton in Cecil County for the relinquishment of five comprehensive care beds at the facility and Parkway Nursing and Rehab Center (Bluepoint) in the City of Baltimore for the temporary delicensure of four comprehensive care beds.

Determinations of non-coverage by Certificate of Need (CON) review were also issued to Clearview Nursing Home in Washington County for its acquisition by Clearview Health Services; and to Hamilton Center, Caton Manor, College View Center, and Randallstown Center for their acquisitions by Formation Properties, VI, LLC.

Other determinations of non-coverage by CON review were issued to Greene Tree Foot/Ankle Surgicenter, Inc. in Baltimore County for the establishment of an ambulatory surgery center with one non-sterile procedure room; to Howard Schultheiss, DPM in Harford County for improvements to the one procedure room surgery center at the facility; and to Gaithersburg Foot and Ankle Surgery Center, LLC in Montgomery County to establish an ambulatory surgery center with one non-sterile procedure room in Gaithersburg.

The Certificate of Need Task Force, chaired by Commissioner Robert E. Nicolay met on May 26, 2005 in the Commission offices at 4160 Patterson Avenue, Conference Room 100, Baltimore, Maryland. A Public Forum, designed to provide an opportunity for the Task Force to obtain recommendations from interested organizations and individuals on the CON program, was held on June 7, 2005 at the Commission offices.

Acute and Ambulatory Care Services

The annual process of determining the number of licensed beds for Maryland's acute general hospitals is almost completed. Through this process, these hospitals will change their licensed acute care bed capacity as of July 1, 2005 for fiscal year 2006. Since 2000, Maryland law has required annual recalculation of all acute care hospitals' licensed capacity, based on their previous year's average daily census. Every hospital's licensed capacity is equal to 140% of its average daily census for the previous twelve month period ending March 31st. Within that number, hospitals are required to designate the number of beds for each acute care service. The resulting licensed bed capacity serves as the single, official source of acute care hospital bed inventory for the state. The application forms have been sent to the hospitals with the new census data. The hospitals must return these forms to the Commission by June 17, 2005, indicating how their new licensed beds will be designated among the acute care services each hospital offers.

Holy Cross Hospital submits monthly reports to the Commission on the status of its construction project pursuant to the March 2004 approval of the modification to the hospital's Certificate of Need. The purpose of these reports is to advise the Commission about any potential changes to the terms of the modified CON, including changes in physical plant design, construction schedule, capital costs and financing mechanisms. The hospital's June 2005 update reports no changes to the project cost, the design or the financing of this project. The project is on schedule. The last phase of the project, the addition of a new front to the hospital, is underway, and scheduled for completion in November of this year.

Long Term Care and Mental Health Services

Staff of the Long Term Care Division attended the final meeting of the Maryland Department of Aging's Continuing Care Advisory Committee. The purpose of this Committee is to review proposed changes to Article 70B, the Department's continuing care statute. At the final meeting, the Advisory Committee reviewed recommendations and reports from the three subcommittees: Financial Matters; Refinements to Existing Statutory Language; and New Issues. Staff of the Department of Aging will compile the recommendations from all three subcommittees and recommend necessary legislative changes.

All of the hospices in Maryland have completed Part I of the online Maryland Hospice Survey 2004. Part II of the survey, which includes financial and cost report information, is scheduled for completion by June 15, 2005.

Long Term Care Staff attended the In-Home Health Services Forum of the Office of Health Care Quality (OHCQ). OHCQ recognizes that there is confusion, among both the provider and consumer communities, about the regulatory requirements for Residential Service Agencies (RSAs) vs. Home Health Agencies. This is further confused by the presence of many other types of in-home services providers, including nurse referral services, chore services, durable medical equipment providers, and others. Subcommittees were proposed to focus on: Definitions and Levels of Care; Structural and Regulatory Changes; Inspections; Modifications to RSA Regulations; Durable Medical Equipment Providers; and Consumer Education. This group is intended to explore these areas in depth. It is not expected that there will be any legislative recommendations for the 2006 legislative session.

Comments were received on the proposed changes to the Hospice component of the Long Term Care Section (COMAR 10.24.08) of the plan. Persons from sixteen organizations offered comments. Staff is in the process of reviewing these comments and making recommendations.

Staff of the Long Term Care Division attended the Nursing Home Liaison Meeting chaired by the Department of Health and Mental Hygiene's Medicaid program. This is a group chaired by the Medicaid staff and composed of representatives of nursing home associations, providers, accounting firms, and others. There was a discussion of current rates, trends in utilization, and draft regulations regarding FY 2006 rates.

Specialized Health Care Services

The State Health Plan for Cardiac Surgery and Percutaneous Coronary Intervention (PCI) Services (COMAR 10.24.17) requires a hospital receiving a primary PCI waiver from the Commission to agree to collect and report complete and accurate demographic, clinical, process, and outcome data for primary PCI patients on a schedule and in a format specified by the Commission. The Commission established the Primary PCI Data Work Group to develop recommendations related to the collection and reporting of data required by COMAR 10.24.17. Between January and May 2005, the following hospitals participated in a pilot test of the printed version of the recommended data collection forms: Holy Cross Hospital, Howard County General Hospital, North Arundel Hospital, Sacred Heart Hospital, St. Agnes Hospital, Southern Maryland Hospital Center, and Washington Adventist Hospital. The Commission's staff is preparing a draft report based upon direction from David O. Williams, M.D., Chairman of the Primary PCI Data Work Group. After reviewing the results of the pilot test, the work group will submit its final recommendations, which the Commission will incorporate into a request for proposals to implement a primary PCI data coordinating center.

On April 19, 2005, the Research Proposal Review Committee met at the BWI Marriott to consider the non-primary PCI proposal submitted by Thomas Aversano, M.D. and colleagues. The Commission appointed the committee to provide advice to the Commission on the proposed study, which requires a waiver under the State Health Plan (COMAR 10.24.17). Thomas J. Ryan, M.D., Chairman of the Research Proposal Review Committee, presided over the meeting, which was open to the public. The Commission's staff has prepared a summary of the meeting and a draft report based upon direction from the chairman. A final draft of the report will be forwarded to committee members for their review and comment. The committee will submit its final report to the Commission's Executive Director, who will consider the advice of the Research Proposal Review Committee in preparing a recommendation to the Commission to issue or deny issuance of a waiver to the proposed study in its current form.